

Message Text

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17

ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 NEA-09 IO-10 H-02 L-02 PA-01

PRS-01 USIA-06 SP-02 AID-05 EB-07 NSC-05 CIEP-01

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /099 W

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R 210235Z APR 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2446

INFO AMEMBASSY SEOUL

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 7/31/75

TAGS: EAID, EFIN, KS

SUBJECT: ADB BUSAN-DAEGU WATER SUPPLY PROJECT - REALLOCATION OF
LOAN FUNDS TO COVER MODIFIED PROCUREMENT REQUIREMENTS

REF: MANILA 5065 (JUNE 2, 1972)

1. GIVEN SEVERE WATER SHORTAGE EXPECTED AT BUSAN; DELAY
IN FILTER TENDERING; INCREASED MANUFACTURING CAPACITY
IN KOREA FOR WATER SYSTEM FILTERS; AND NECESSITY FOR
COMPLIANCE WITH BANK'S GUIDELINES ON INTERNATIONAL
TENDERING, KOREANS PROPOSE AND ADB MANAGEMENT
RECOMMENDS TO BOARD OF DIRECTORS THAT FILTERS BE
DELETED FROM LOAN FOR BUSAN WITH WATERWORKS BUREAU
COMPLETING WORK WITH OWN FUNDS USING MOSTLY LOCAL
MATERIALS. ESCALATION IN COST OF OTHER ITEMS OFFSETS
FOREX SAVINGS AND RESULTS IN MODEST OVERALL INCREASE
IN LOCAL CURRENCY REQUIREMENTS FOR THIS PROJECT COMPONENT.

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2. FOR DAEGU PORTION OF PROJECT, CONSTRUCTION SCHEDULE DELAYED BECAUSE OF UNAVAILABILITY STEEL PIPES. DAEGU WATERWORKS PROPOSES EFFECT FOREX SAVINGS BY SOME REALIGNMENT OF PIPELINES AND SUBSTITUTION WHERE POSSIBLE OF PRE-STRESSED CONCRETE PIPE, WHICH HOWEVER INCREASES LAYING COSTS. AMOUNT OF DAEGU WATERWORKS COST INCREASE 33 PERCENT, MORE THAN AT BUSAN.

3. ADB RECOMMENDS DIRECTORS APPROVE ON NO OBJECTION BASIS NLT 29 APRIL, CONSEQUENT REALLOCATION OF LOAN FUNDS TO MEET COST ESCALATION IN SOME IMPORTED ITEMS AND WITH GOVT ASSUMING INCREASED LOCAL CURRENCY COSTS WITH RESULT OF: (A) LOCAL FUNDING OF FILTRATION PLANT AT BUSAN AND (B) SUBSTITUTION OF LOCAL MATERIALS NOW AVAILABLE FOR SOME ITEMS (STEEL PIPES) ORIGINALLY INTENDED FOR FOREIGN PROCUREMENT.

4. U.S. DIRECTOR INTENDS TO INTERPOSE NO REPEAT NO OBJECTION.

5. ADB DOC. R36-75 ON THIS SUBJECT POUCHED APRIL 15. SULLIVAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Concepts: WATER SUPPLY SYSTEM, PROCUREMENT, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750138-0872
From: MANILA
Handling Restrictions: n/a
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ISecure: 1
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Previous Handling Restrictions: n/a
Reference: 75 MANILA 5065, 75 (JUNE 2, 75 197
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Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2003 by ShawDG>; APPROVED <18 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
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EO Systematic Review
05 JUL 2006

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TAGS: EAID, EFIN, KS, ADB
To: STATE
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